Big 5 False Bay Municipality

Annual Financial Statements
for the year ended 30 June 2011

BIG 5 FALSE BAY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

TABLE OF CONTENTS

	Page
General Information	2
Accounting Officer's Approval	3
Statement of Financial Position	4
Statement of Financial Perfomance	5
Statement of changes in Net assets	6
Cash Flow Statement	7
Accounting Policies	8-18
Notes to the Annual Financial Statements	19-31

Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Mayoral Committee	
Mayor	CC Gumede
Councilors	ZM Mokeona
	MS Msane
	NH Zikhali
	CT Khumalo
	FZ Zulu
	N Thethwayo
Grading of local municipality	Low Capacity Municipality
Accounting Officer	MA Mngadi
Auditors	The Auditor–General Private Bag X9034 PIETERMARITZBURG 3200
Lawyers	Duvenage Incorporated Old Main Road Hluhluwe 3960
Chief Financial Officer	MSI Mkhwanazi
Business address	163 Zebra Street Hluhluwe 3960
Postal address	P. O. Box 89 Hluhluwe 3960
Bankers	First National Bank of SA

Big 5 False Bay Municipality

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003) to maintain adequate accounting records and is responsible for content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that financial statements fairly represent the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the year ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.
The accounting officer acknowledges that he is ultimately responsible for the system of internal and financial contros established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is the identification, assessment, management and monitoring of all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The annual financial statements set out on pages.....4..... to .....29..... which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2011 and were signed on its behalf by:

.....

Mr. M A Mngadi **31 August 2011**
Municipal Manager

BIG 5 FALSEBAY MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	Restated 2010 R
ASSETS			
NON- CURRENT ASSETS		**47 307 653**	**40 170 568**
Property, Plant and Equipment	18	**47 147 899**	**39 920 073**
Intangible Assets	19	**159 754**	**250 495**
CURRENT ASSETS		**6 760 759**	**6 961 881**
Trade and Other Receivables	3	**3 840 445**	**2 887 924**
VAT Receivables	4	**997 020**	**9 844**
Cash and Cash Equivalents	1	**1 251 166**	**3 425 269**
Short Term Investments	2	**672 127**	**638 844**
TOTAL ASSETS		**54 068 412**	**47 132 450**
NET ASSETS AND LIABILITIES			
NET ASSETS		**41 014 136**	**34 484 558**
Accumulated Surplus		**41 014 136**	**34 484 558**
CURRENT LIABILITIES		**13 054 275**	**12 647 892**
Provisions	21	**1 102 659**	**769 661**
Unspent Conditional Grant and Receipts	22	**1 803 176**	**4 920 635**
Accounts Payable	20	**10 148 441**	**6 957 596**
TOTAL LIABILITIES		**13 054 275**	**12 647 892**
NET ASSETS AND LIABILITIES		**54 068 411**	**47 132 450**

BIG 5 FALSE BAY MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 3O JUNE 2011

	Note	Actual 2011 R	Restated 2010 R
REVENUE			
Property Rates	5	**3 957 330**	**3 068 478**
Rates Penalties	9	**691 334**	**143 342**
Service Charges	6	**1 237 384**	**1 218 465**
Rental of facilities and Equipment	7	**148 626**	**162 816**
Interest Earned - External Investments	8	**189 620**	**284 059**
Fines		**28 808**	**4 158**
Government Grants & Subsidies	10	**21 201 822**	**19 460 238**
Other		**45 202**	**41 171**
Land Sales		**807 018**	**484 504**
TOTAL REVENUE		**28 307 144**	**24 867 230**
EXPENDITURE			
Employee Related Costs	11	**6 735 194**	**6 333 373**
Remuneration of Councillors	12	**1 372 874**	**1 543 562**
Depreciation	13	**1 803 357**	**1 032 414**
General Expenses	15	**9 879 452**	**4 702 785**
Repairs and Maintenance		**170 399**	**158 837**
Finance Costs	14	**355 161**	**69 693**
Contracted Services		**790 325**	**2 170 241**
Grant Expenditure	10	**2 831 127**	**3 133 327**
Total Expenditure		**23 937 890**	**19 144 231**
Net Surplus/ (Dificit)		**4 369 254**	**5 722 999**

BIG 5 FALSEBAY MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2011

	Notes	Accumulated Surplus	Total
2010			-
Balance at 1 July 2009		10 031 525	10 031 525
Change in accounting policy		18 246 161	18 246 161
Restated Balance at 1 July 2009		**28 277 686**	**28 277 686**
			-
Surplus/(deficit) for the year		5 722 999	5 722 999
Correction of error / VAT write off	17	483 873	483 873
Balance as at 30 June 2010		**34 484 558**	**34 484 558**
Surplus/(deficit) for the year		4 369 254	4 369 254
Correction of an error	17	2 160 017	2 160 017
Prior year adjustment		307	307
Balance as at 30 June 2011		**41 014 136**	**41 014 136**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government grants and other		31 204 267	45 532 291
Cash paid to suppliers and employees		(23 227 568)	(18 731 093)
Cash generated from operations	**16**	7 976 699	26 801 198
Interest received		189 620	284 059
Interest paid		(355 161)	(69 693)
Depreciation			(1 032 414)
Net cash flows from operating activities		**7 811 158**	**25 983 150**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7 137 085)	(25 885 383)
Net cash flows from investing activities		**(7 137 085)**	**(25 885 383)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase)/Decrease in investments		(33 283)	2 017 751
Net cash flows from financing activities		**(33 283)**	**2 017 751**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**640 790**	**2 115 518**
Cash and cash equivalents at the beginning of the year		3 425 269	1 309 751
Cash and cash equivalents at the end of the year	**1**	1 251 166	3 425 269
		(2 174 103)	**2 115 518**

BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3.These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below as per Directive 4.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revalutaion less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revalutation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	Years	*Other*	Years
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-80	Other vehicles	5
		Office equipment	3-7
		Furniture and fittings	7-10
		Watercraft	15
Community		Bins and containers	5
Buildings	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5	Landfill sites	25

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of property , plant and equipment as set out in paragraph 73 to 83.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 INVESTMENTS

Investments, which include listed, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

6 RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned;- the principal locations affected - the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

13 COMPARATIVE INFORMATION

Prior Year Comparatives

When presentation or classification of iterms in the annual financial statements is amended, prior period comparatives amounts are restated. The nature and reason for the reclasification is disclosed. When there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative is restated accordingly.

Current Year Comparatives

Budgeted amount have been included in Note 33 to these financial statements for current financial year only.

14 REVENUE FROM EXCHANGE TRANSACTIONS

REVENUE

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions,liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

16 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

18

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

19

The municipality provides post-retirement health care benefits to their retirees. The entitlement of these benefits is ussually conditional on the employees remaining in service up to retirement age and the completion of the minimum service period. The expected costs of these benefits are acrued over the period of employment using an accounting methodiology similar to that used for defined pension benefit plans. Acrurial gains and losses arising from experiance adjustment, and changes in actuarial assumption, are charched or credited to revenue over the expected average remaining lives of the relevent employees to the extent which they exceed the 10% corridor.

20 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

21.TRANSITIONAL PROVISIONS

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 100	Non -current assets held for sale and discontinued operations
GRAP 102	Intangible Assets - paragraph 110-118
IAS 19	Retirement benefits

CASH AND CASH EQUIVALENTS

1 Cash and cash equivalents consist of the following:		
Cash on hand (Petty cash)	2 000	345
FNB - Hluhluwe: 62022340385 (Main Bank Account)	222 913	482 389
FNB - Hluhluwe : 62214360068 (Call Account)	579 524	1 534 671
FNB - Hluhluwe: 62075347396 (Call Account)	3 585	12 267
FNB - Hluhluwe: 62191984949 (Housing Development Fund)	443 144	1 395 596
	1 251 166	**3 425 269**
2 Short Term Investments		
ABSA - Pubsec Kzn: 9109586760	621 957	608 295
First National Bank- Hluhluwe: 62174958276	30 549	30 549
Call Account FNB 62196695533	19 622	-
	672 127	**638 844**
3 TRADE AND OTHER RECEIVABLES		
Consumer Debtors	5 652 092	3 840 147
Debtors Prepayments	-	87 520
Housing Debtors	0	0
Sundry Debtors	55 443	39 789
	5 707 535	**3 967 457**
Less Provision for Bad debt	-1 867 090	1 079 532
Total current debtors	**3 840 445**	**2 887 924**

Summary of Debtors by Customer Classific	**Consumers & Place of worship**	**Agriculture & Commercial**	**National and Provincial Government**	**Total**
as at 30 June 2011				
Current (0 – 30 days)	184 928	151 921	45560	382 409
31 - 60 Days	155 381	200 216	83766	439 363
61 - 90 Days	131 790	158 537	-200742	89 585
91 - 120 Days	88 471	147 381	-80114	155 738
121 - 150 Days	135 501	136 381	42149	314 031
151 - 180 Days	135 499	120 039	46873	302 411
+181 Days	1 951 198	1 403 982	614209	3 969 389
Sub-total	**2 782 766**	**2 318 457**	**551 703**	**5 652 926**
Less: Provision for doubtful debts	**-**	**-**	**-**	**-1 867 090**
Total debtors by customer classification	**2 782 766**	**2 318 457**	**551 703**	**7 520 016**

4 VAT Receivables	**997 020**	**9 844**
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
5 PROPERTY RATES		
Property Rates	3 957 330	3 068 478
Total property rates	**3 957 330**	**3 068 478**
6 SERVICE CHARGES	1 237 384	1 218 465
7 RENTAL OF FACILITIES AND EQUIPMENT	148 626	162 816

8	**INTEREST EARNED - EXTERNAL INVESTMENTS**	189 620	284 059
9	**RATES PENALTIES**	691 334	143 342
10	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Equitable Share	9 746 782	7 722 652
	MAP	-	392 531
	FMG	1 086 019	1 860 276
	MIG	6 213 210	6 111 747
	MSIG	640 498	938 326
	Sports and Recreation	1 847 209	981 836
	Gijima	-	241 274
	Corridor Development	740 044	1 211 595
	Treasury 1%	380 095	
	Library Grant	547 965	-
	-	**21 201 822**	**19 460 238**
	See more details in note 23		
11	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	5 157 522	4 482 416
	Contributions for UIF, pensions and medical aids	563 097	505 004
	Travel, motor car, accommodation, subsistence and other allowances	624 272	775 483
	Overtime payments	161 644	319 190
	Bonus	228 660	251 281
	Total Employee Related Costs	**6 735 194**	**6 333 373**
	Section 57 Employees remuneration included in Employee related costs Refer to Note 11.1 for more details		
11.1	**Section 57 Remuneration**		
	Remuneration of the Municipal Manager		
	Annual Remuneration	525 145	475 447
	Performance- and other bonuses	44 755	46 273
	Travel, motor car, accommodation, subsistence and other allowances	98 620	72 000
	Contributions to UIF, Medical and Pension Funds	2 995	
	Total	**671 515**	**593 720**
	Remuneration of the Chief Finance Officer		
	Annual Remuneration	543 568	262 294
	Performance- and other bonuses	-	11 624
	Travel, motor car, accommodation, subsistence and acting allowance	111 447	407 925
	Contributions to UIF, Medical and Pension Funds	35 399	
	Total	**690 414**	**681 843**
	Remuneration for manager :Planning Services		
	Annual Remuneration	486 326	440 237
	Performance- and other bonuses	40 412	
	Travel, motor car, accommodation, subsistence and other allowances	66 000	
	Contributions to UIF, Medical and Pension Funds	2 995	70 370
	Total	**595 733**	**510 607**

Remuneration for manager :Corporate Services		
Annual Remuneration	357 662	403 968
Performance- and other bonuses	40 879	
Travel, motor car, accommodation, subsistence and other allowances	173 821	172 111
Contributions to UIF, Medical and Pension Funds		2 995
Total	**572 362**	**579 074**

12 REMUNERATION OF COUNCILLORS

Executive Mayor	-	-
Deputy Executive Mayor	-	-
Speaker	-	-
Executive Committee Members	-	-
Councillors	838 324	778 330
Councillors' pension and medical aid contributions	129 967	115 609
Councillors' allowances	404 584	649 623
Total Councillors' Remuneration	**1 372 874**	**1 543 562**

In-kind Benefits

The Executive Mayor is provided with an office and secretarial support at the cost of the Council.

Employee Benefits

The Municipal employees belong to Natal Joint Municipal Pension Fund and Municipal Council Pension Fund, contributed amounts are paid over to the fund

13 DEPRECIATION

Property, plant and equipment	1 712 616	941 673
Intangible assets	90 741	90 741
Total Depreciation and Amortisation	**1 803 357**	**1 032 414**

14 FINANCE COSTS

	355 161	**69 693**

15 GENERAL EXPENSES

Included in general expenses are the following:-

Audit Committee	71 805	-
Membership fees	1 450	13 688
Audit fees	1 522 180	490 091
Bank charges	26 712	23 382
Property Rates	91 367	-
Bursaries	279 755	315 205
Council support	14 008	-
Water and Electricity	283 595	214 303
Entertainment	84 264	290 641
Equipment and tools	9 582	-
Events and Social Projects	792 826	-
Fuel and oil	339 399	201 523
Housing Survey	51 540	-
Insurance	79 968	85 738
Legal expenses	268 449	60 597
Group Life	161 825	-
Licence fees - vehicles	11 790	25 372
General	1 648	59 469
Rental of office equipment	482 000	875 112
Postage & Telephone cost	447 324	227 234
Povert Alleviation	51 886	-
Printing and stationery	291 795	149 085
Publicity	135 190	54 341
Sport and Recreation	4 338	-
Security	302 342	628 536
Uniforms & overalls	63 320	28 994
Bad Debts	787 558	-
Upliftement Programme	702 468	-
Disaster Management	914 296	
Vehicle lease	633 187	619 450
Plotter Maps	1 850	-
Leave Expense	210 332	340 023
Staff Training	609 995	-
IT Upgrade	108 275	-
Inservice Training	2 400	-
Loss on sale of asset	38 733	-
	9 879 452	**4 702 785**

16 CASH GENERATED FROM OPERATIONS

Cash Receipts from Rate Payers Government and other		
Sale of Goods and Services	5 886 048	4 430 285
Grants Received	21 201 822	19 744 297
Interest Received	189 620	-284 059
Other Receipts	1 029 653	692 649
Correction of error	2 160 324	18 246 161
VAT Writte off	0	483 873
(Increase)/Decrease in debtors	0	1 339 062
(Increase)/Decrease in VAT Receivable	0	856 152
(Increase)/Decrease in long term debtors	547 179	23 871
Total Cash Receipts from Rate Payers Government and other	**31 014 647**	**45 532 291**
Cash paid to suppliers and employees		
Employee Cost	8 108 068	7 876 935
Other Payments	14 026 465	11 267 296
Interest Paid	-355 161	-69 693
Depreciation	1 803 357	1 032 414
Increase/(Decrease) in Provisions	0	-1 114 787
Increase/(Decrease) in conditional grants	0	908 630
Increase/(Decrease) in trade payables	0	895 126
Total Cash Paid to suppliers and employees	**23 582 729**	**20 795 921**
Cash Generated from operations	**7 431 918**	**24 736 370**

Reconciliation of Net Surplus to Cashflow Generated from operations		
Net Surplus for the year	**4 369 254**	**5 722 999**
Adjustment for:		
Depreciation	1 803 357	1 032 414
Interest paid	(355 161)	69 693
Loss on Sale of Assets	-	-
Interest earned	(189 620)	(284 059)
Correction of error	2 160 324	18 246 161
VAT Writte off	0	483 873
(Increase)/Decrease in debtors	-952 521	1 339 062
(Increase)/Decrease in VAT Receivable	-987 176	856 152
(Increase)/Decrease in long term debtors	2 710 390	23 871
Increase/(Decrease) in Provisions	332 999	1 114 787
Increase/(Decrease) in conditional grants	-3 117 460	-908 630
Increase/(Decrease) in trade payables	3 190 845	-895 126
Cash generated from operations	**8 965 231**	**26 801 197**

17 CORRECTION OF ERROR

During the year ended 30 June 2009 and previous years, Unspent conditional grants and revenue were incorrectly recognised: -

The comparative amount has been restated as follows:

Mig income	0	1 893 173
FMG Income		(115 131)
MSIG Income		145 176
Other correction		236 800
Net effect on surplus/(deficit) for the year		**2 160 017**
Unspent conditional grants	-	(1 923 218)
Accounts payables		(236 799)
Net effect on Statement of Financial Position		
Net effect on Accumulated surplus opening balance		**2 160 017**

18 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Other	Total
	R	R	R	R	R
Carrying Values at 01 July 2010	**946 500.31**	**27 143 334.65**	**10 539 003.19**	**1 291 234.96**	**39 920 073.11**
Cost	946 500.31	27 117 858.66	9 597 851.56	3 341 105.84	41 003 316.37
Capital Under Construction	-	1 206 369.67	3 655 965.94	-	4 862 335.61
Revaluation	-	-		-	-
Accumulated Depreciation	-	(1 180 893.68)	(2 714 814.31)	(2 049 870.88)	(5 945 578.87)
- Cost	-	(1 180 893.68)	(2 714 814.31)	(2 049 870.88)	(5 945 578.87)
- Revaluation	-	-		-	-
Acquisitions / Write-Ons	-	-	529 656.52	147 966.28	677 622.80
Capital Under Construction	-	-	8 301 552.36	-	8 301 552.36
- Current Year	-	-	8 301 552.36	-	8 301 552.36
- Capitalised	-	-		-	-
Increases / Decreases in Revaluation	-	-		-	-
Depreciation	-	(163 718.06)	(371 383.29)	(1 177 514.94)	(1 712 616.29)
- Based on Cost	-	(163 718.06)	(371 383.29)	(1 177 514.94)	(1 712 616.29)
- Based on Revaluation	-	-		-	-
Carrying Value of Disposals / Write-Offs	-	-	-	(38 732.84)	(38 732.84)
- Cost	-	-	-	(75 844.51)	(75 844.51)
- Accumulated Depreciation	-	-	-	37 111.67	37 111.67
Impairment Losses	-	-		-	-
Other Movements	-	-		-	-
Carrying Values at 30 June 2011	**946 500.31**	**26 979 616.59**	**18 998 828.78**	**222 953.46**	**47 147 899.14**
Cost	946 500.31	27 117 858.66	10 127 508.08	3 413 227.61	41 605 094.66
Capital Under Construction	-	1 206 369.67	11 957 518.30	-	13 163 887.97
Revaluation	-	-	-	-	-
Accumulated Depreciation	-	(1 344 611.74)	(3 086 197.60)	(3 190 274.15)	(7 621 083.49)
- Cost	-	(1 344 611.74)	(3 086 197.60)	(3 190 274.15)	(7 621 083.49)
- Revaluation	-	-	-	-	-

19 INTANGIBLE ASSETS

Reconciliation of carrying value	Computer Software R'000	Total R'000
as at 1 July 2010	**250 495**	**250 495**
Cost	571 373	571 373
Accumulated Amortisation	(320 878)	(320 878)
Movements	(90 741)	(90 741)
Acquisitions	-	-
Amortisation	(90 741)	(90 741)
as at 30 June 2011	**159 754**	**159 754**
Cost	571 373	571 373
Accumulated Amortisation	(411 619)	(411 619)

20 ACCOUNTS PAYABLE

Trade creditors	7 608 935	4 259 304
Payments received in advance	-	87 520
Site Deposits	553 960	326 900
Unallocated Deposits	1 018	230
Housing Development	822 632	75 231
Mahogony community Trust	21 050	-
Accrued Leave	222 413	222 413
Accrued Bonus	673 048	508 825
Accruals	40 907	1 205 800
Other creditors	204 477	271 372
Total creditors	**10 148 441**	**6 957 596**

21 PROVISIONS

Land fill site Provision	(1 102 659)	(769 661)
Total Provisions	**(1 102 659)**	**(769 661)**

The movement in current provisions are reconciled as follows: -

	Land field Site Provision	Provision for Doubtful Debt	Total
as at 1 July 2010	(769 661)	(1 079 532)	(1 849 193)
Contributions to provision	(332 999)	-	(332 999)
Expenditure incurred	0		-
as at 30 June 2011	**(1 102 659)**	**1 867 090**	**(2 182 192)**

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10.5%, over an average period of 20years.

The bonus provisions relates to amounts not yet paid to Section 57 Employees due to the assessment process not yet finalised

22 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Conditional Grants from other spheres of Government		
MIG Grants	1 728 644	3 837 027
Finance Management Grant	-	1 150
MSIG	-	35 674
MAP	76	76
Sports and Recreation	34 455	306 664
Corridor Development	-	740 044
Library Grant	-	-
Recyle Development Grant	40 000	-
Total Unspent Conditional Grants and Receipts	**1 803 176**	**4 920 635**

See **Note 23** below for reconciliation of grants and receipts.

23 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	9 746 782	7 722 652
MIG Grant	6 213 210	6 111 747
Other Government Grants and Subsidies	5 241 830	5 625 838
Total Government Grant and Subsidies	**21 201 822**	**19 460 238**
MIG Grant		
Balance unspent at beginning of year	3 837 027	1 892 750
Current year receipts	5 986 000	5 986 000
Conditions met - transferred to revenue	(6 213 210)	(6 111 747)
Conditions still to be met - remain liabilities	**1 728 644**	**3 837 027**
FMG Grant		
Balance unspent at beginning of year	1 150	519 798
Current year receipts	1 200 000	
Conditions met - transferred to revenue	(1 086 019)	-
Other Adjustments	115 131	-
Conditions still to be met - remain liabilities	**-**	**1 150**
MAP Grant		
Balance unspent at beginning of year	77	392 608
Current year receipts	-	-
Conditions met - transferred to revenue	-	(392 531)
Other Adjustments		-
Conditions still to be met - remain liabilities	**77**	**77**
MSIG Grant		
Balance unspent at beginning of year	35 674	268 906
Current year receipts	750 000	735 000
Conditions met - transferred to revenue	(640 498)	(968 232)
Other Adjustments	(145 176)	-
Conditions still to be met - remain liabilities	**0**	**35 674**
Sports and Recreation Grant		
Balance unspent at beginning of year	306 664	
Current year receipts	1 575 000	-
Conditions met - transferred to revenue	(1 847 209)	-
Other Adjustments	-	
Conditions still to be met - remain liabilities	**34 455**	**306 664**
Corridor Development Grant		
Balance unspent at beginning of year	740 045	1 951 640
Current year receipts		-
Conditions met - transferred to revenue	740 044	(1 211 595)
Other Adjustments		
Conditions still to be met - remain liabilities	**-**	**740 045**
Libray Grant		
Balance unspent at beginning of year	-	
Current year receipts	547 965	-
Conditions met - transferred to revenue	(547 965)	
Conditions still to be met - remain liabilities	**-**	**-**
Recyle Development Grant		
Balance unspent at beginning of year	-	-
Current year receipts	40 000 -	
Other Adjustments	-	-
Conditions still to be met - remain liabilities	**40 000**	**-**
24 Audit fees		
Opening balance	-	-
Current year audit fee	-	307 970
Amount paid - current year	1 522 180	(307 970)
Balance unpaid (included in payables)	**-**	**-**

28 OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows :

One year motor vehicle leases due to end on the 31 August 2010

Due within 12 months	41 450
Due within 2 to 5 years	-
	41 450

29 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

Commitments relates to MIG projects that have already been registered by June 2011 for the 2011/12 financial year

- Approved but not yet contracted for	**-**
Infrastructure	12 470 000
Total	12 470 000

This expenditure will be financed from:

- Government Grants	34 880 000

30 CONTINGENT LIABILITY

no contigent liabilities/Assets were identified for the current year.

31 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Note 33

32 RISK MANAGEMENT

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored monthly

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

BIG 5 FALSE BAY MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

33		2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variance greater than 10 % versus Budget
	REVENUE					
	Property rates	3 957 330	4 000 000	42 670	1%	MPRA implementation challenges
	Service charges	1 237 384	985 000	(252 384)	-26%	Debt collection strategy to maximise collections
	Interest earned	189 620	316 100	126 480	40%	Investments were not made as per the plan cash flow challenges
	Other	1 150 985	-	(1 150 985)		
	Fines, licences and permits	74 010	5 000	(69 010)	-1380%	The Traffic department is newly established thus systems are still being put in place to boost traffic fine revenue
	Government grants and subsidies	21 201 822	18 500 000	(2 701 822)	-15%	DORA determines fiscal allocation per each year.
	Land Sales	807 018	38 700	(768 318)	-1985%	Includes the sale of land (not budgeted for in the 2010/11 Annual Budget)
	Rental revenue	148 626	170 400	21 774	13%	
		28 766 795	**24 015 200**	**4 751 595**		
	EXPENDITURE					
	Employee related costs	6 735 194	8 397 150	(1 661 956)	-24.68%	
	Councillor remunerations	1 372 874	1 320 754	52 120	3.80%	Upper limit increases and travelling expenses
	Depreciation	1 803 357	929 400	-	100%	Not budget for
	Repairs and maintenance	170 399	586 600	(416 201)		There were major repairs in the 2009/10
	Interest paid	355 161	-	-	100%	
	Administration and other expenses	9 879 452	7 960 000	1 919 452		Due to cash flow constraints stricter measures have been put in place to cut on spending
	Contracted Services	790 325	1 473 400	-		Budgeted for under administrative expenses
	Grant Expenditure	2 831 127	2 890 000	58 873		
		23 937 890	**23 557 304**	**380 586**		
		4 828 905	**457 896**	**4 371 009**		

Big 5 False Bay Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011 financia

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land										
Land	4 609 666			(3 663 166)	946 500				-	946 500
					-				-	
	4 609 666	-		(3 663 166)	946 500	-	-	-	-	946 500
Buildings										
Dwellings	38 051	-		-	38 051	(2 693)	(1 267)	-	(3 961)	34 090
Non Residential Structures	4 978 839	22 100 969		-	27 079 808	(1 008 819)	(168 114)	-	(1 176 933)	25 902 875
					-					-
Infrastructure										-
Drains					-					
Roads	6 405 960	2 332 160	3 655 966	(12 800)	8 725 321	(2 335 116)	(363 558)	760	(2 697 915)	6 027 407
Sewerage Mains & Purification	-	-		-	-	-	-	-	-	-
Electricity Mains	94 870	-		-	94 870	(12 870)	(1 896)	-	(14 766)	80 104
Water Meters	-	-		-	-	-	-	-	-	-
Solid Waste Disposal	12 000	769 661		(12 000)	769 661					769 661
Storm Water	-	-		-	-	-	-	-	-	-
					-					
	11 529 720	25 202 789	3 655 966	(24 800)	36 707 710	(3 359 499)	(534 835)	760	(3 893 574)	32 814 136
Community Assets										
Recreation Grounds	-	-	1 206 370	-	-	-	-	-	-	-
Civic Buildings	-	-		-	-	-	-	-	-	-
Cemeteries	8 000	-		-	8 000	(1 867)	(266)	-	(2 134)	5 866
	8 000	-	1 206 370	-	8 000	(1 867)	(266)	-	(2 134)	5 866
Total carried forward	16 147 387	25 202 789	4 862 336	(3 687 966)	37 662 210	(3 361 366)	(535 101)	760	(3 895 708)	33 766 502

Big 5 False Bay Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010 financia

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Total brought forward	16 147 387	25 202 789	4 862 336	(3 687 966)	37 662 210	(3 361 366)	(535 101)	760	(3 895 708)	33 766 502
									-	-
Other Assets									-	-
Motor vehicles	1 758 409	-		(270 333)	1 488 076	(694 328)	(230 545)	237 135	(687 738)	800 338
Computer Equipment	743 313	77 811		(92 608)	728 516	(660 532)	(43 618)	86 689	(617 460)	111 056
Other Assets	139 524	149 432		(11 650)	277 307	(85 486)	(40 372)	11 650	(114 209)	163 098
										-
	18 788 634	25 430 032	4 862 336	(4 062 557)	40 156 109	(4 801 713)	(849 636)	336 234	(5 315 115)	34 840 994
Finance Lease Assets										
Office Equipment	823 064	111 053		(86 910)	847 207	(602 789)	(92 169)	64 494	(630 464)	216 743
Other Assets	-	-		-	-	-	-	-	-	-
	823 064	111 053	4 862 336	(86 910)	847 207	(602 789)	(92 169)	64 494	(630 464)	1 477 671
Total	**19 611 698**	**25 541 085**	**4 862 336**	**(4 149 467)**	**41 003 316**	**(5 404 502)**	**(941 805)**	**400 728**	**(5 945 579)**	**39 920 073**

Heading and financial years

Actual Income 2 010 R	Actual expenditure 2 010 R	Surplus / (Deficit) 2 010 R		Actual Income 2 009 R	Actual expenditure 2 009 R	Surplus / (Deficit) 2 009 R
24 867 231	**19 144 231**	**5 722 999**	**Community Services**	**13 937 059**	**25 688 822**	**-11 751 763**
	3 015 838	-3 015 838	Executive & Council	0	2 818 936	-2 818 936
17 511 358	9 671 427	7 839 931	Management	9 905 657	10 208 791	-303 134
3 432 741	1 849 532	1 583 209	Finance	1 730 817	7 734 584	-6 003 767
	1 606 864	-1 606 864	Corporate Services		1 696 145	-1 696 145
	1 363 205	-1 363 205	Technical		1 438 947	-1 438 947
	107 385	-107 385	Library		176 430	-176 430
3 923 132	916 974	3 006 158	Other	2 300 585	967 923	1 332 662
0	613 006	-613 006	Local Economic Development		647 066	-647 066
					0	
24 867 231	**19 144 231**	**5 722 999**	**Subsidised Services**	**13 937 059**	**25 688 822**	**-11 751 763**
0	**0**	**0**	**Economic Services**	**0**	**0**	**0**
0	**0**	**0**	**Trading Services**	**0**	**0**	**0**
24 867 231	**19 144 231**	**5 722 999**	**Total**	**13 937 059**	**25 688 822**	**-11 751 763**

-3 439 913	-4 793 659	1 353 746		-10 930 171	6 544 591	-17 474 762

Big 5 False Bay Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT Financial year
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive & Council	10 836 210	22 108 827		(3 319 024)	29 626 014	1 669 471	408 316	53 014	2 024 773	27 601 241
Finance & Admin	1 025 168	479 859		(83 752)	1 421 275	805 776	155 509	79 678	881 607	539 668
Planning & Development	38 485	38 358		(10 997)	65 847	32 988	6 835	9 043	30 780	35 067
Health	7 867			(165)	7 702	7 596	272	165	7 702	-
Community & Social Services	648 813	75 467	1 206 370	(11 647)	712 632	487 608	58 897	11 151	535 354	177 278
Public Safety										
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport	7 363 279	3 101 821	3 655 966	(724 363)	9 740 737	2 631 200	402 718	248 159	2 785 759	6 954 978
Water										
Electricity										
Other										
Total	**19 919 823**	**25 804 333**	**4 862 336**	**(4 149 948)**	**41 574 207**	**5 634 638**	**1 032 547**	**401 210**	**6 265 975**	**40 170 568**

The total Carrying value includes intangible assets (see Note 19)